

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Cedar Springs Area Parks Board	County Kent
Fiscal Year End June 30, 2006	Opinion Date December 20, 2006	Date Audit Report Submitted to State February 27, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

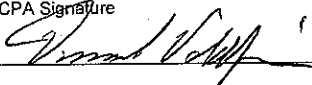
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	Not considered necessary	
Other (Describe)	<input type="checkbox"/>	No other documents required	
Certified Public Accountant (Firm Name) Siegfried Crandall, PC		Telephone Number 269-381-4970	
Street Address 246 East Kilgore Road		City Kalamazoo	State MI
Zip 49002			
Authorizing CPA Signature 	Printed Name Daniel L. Veldhuizen, CPA		License Number 1101020724

Cedar Springs Area Parks and Recreation Board
Kent County, Michigan

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

Year ended June 30, 2006

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INDEPENDENT AUDITORS' REPORT

**Members of the Board
Cedar Springs Area Parks and Recreation Board**

We have audited the accompanying financial statements of the governmental activities and the major fund of the Cedar Springs Area Parks and Recreation Board, as of June 30, 2006, and for the year then ended, which collectively comprise the Board's financial statements, as listed in the contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the respective financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Cedar Springs Area Parks and Recreation Board as of June 30, 2006, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison schedule, listed in the contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Cedar Springs Area Parks and Recreation Board has not presented a management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Siegfried Crandall P.C.

December 20, 2006

BASIC FINANCIAL STATEMENTS

Cedar Springs Area Parks and Recreation Board
GOVERNMENTAL FUND BALANCE SHEET AND STATEMENT OF NET ASSETS
June 30, 2006

	<u>Operating Fund</u>	<u>Adjustments</u>	<u>Statement of net assets</u>
ASSETS			
Cash	\$ 12,589	\$ -	\$ 12,589
Capital assets, net	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 12,589</u>	<u>\$ -</u>	<u>12,589</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	-
Accrued expenses	792	-	792
Deferred revenues	<u>9,248</u>	<u>-</u>	<u>9,248</u>
Total liabilities	<u>10,040</u>	<u>-</u>	<u>10,040</u>
FUND BALANCE (DEFICIT) - unreserved, undesignated	<u>2,549</u>	<u>(2,549)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 12,589</u>		
NET ASSETS			
Invested in capital assets		-	-
Unrestricted		<u>2,549</u>	<u>2,549</u>
Total net assets		<u>\$ 2,549</u>	<u>\$ 2,549</u>
Total fund balance - modified-accrual basis			\$ 2,549
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:			
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.			
			<u>-</u>
Total net assets - full-accrual basis			<u>\$ 2,549</u>

See notes to financial statements

Cedar Springs Area Parks and Recreation Board
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE/STATEMENT OF ACTIVITIES
Year ended June 30, 2006

	<u>Operating Fund</u>	<u>Adjustments</u>	<u>Statement of activities</u>
EXPENSES			
Culture and recreation	\$ 45,879	-	\$ 45,879
PROGRAM REVENUES			
Charges for services - recreation fees	27,248	-	27,248
Contributions from local units	22,500	-	22,500
Other	214	-	214
Total program revenues	49,962	-	49,962
EXCESS OF REVENUES OVER EXPENDITURES/ CHANGE IN NET ASSETS	4,083	-	4,083
FUND BALANCE/NET ASSETS - BEGINNING	(1,534)	-	(1,534)
FUND BALANCE/NET ASSETS - ENDING	\$ 2,549	\$ -	\$ 2,549

See notes to financial statements

Cedar Springs Area Parks and Recreation Board
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Cedar Springs Area Parks and Recreation Board (the Board) conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

a) Reporting entity:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Board. The criteria established by GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. The Board has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a blended or discretely-presented component unit in the Board's financial statements. Also, the Board is not a component unit of any other entity.

These financial statements include all the operations of the Board, a municipal joint venture. The Board was created in January 1986 as a public authority formed under Public Act 156 of the Public Acts of 1917. The six members of the authority include the City of Cedar Springs, Cedar Springs Public Schools, and the Townships of Algoma, Nelson, Solon, and Courtland. The Board was established for the purpose of planning and administering a system of public recreation, playgrounds, and parks or other recreational facilities for the citizens of its member municipal units. Costs of operations and capital expenditures are supported by contributions from the member units and fees from recreational programs.

b) Measurement focus, basis of accounting, and financial statement presentation:

The statement of net assets and the statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by provider have been met.

c) Assets and liabilities:

i) Cash - Cash is considered to be cash on hand and demand deposits.

ii) Capital assets - Capital assets, which includes office furniture and equipment are reported in the financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets are depreciated using the straight-line method over their useful lives.

iii) Deferred revenues - The Board defers revenue recognition in connection with resources that have been received, but not yet earned.

Cedar Springs Area Parks and Recreation Board
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - An annual budget is adopted on a basis consistent with generally accepted accounting principles. The budget document presents information by program. The legal level of budgetary control adopted by the governing body is the functional level. All annual appropriations lapse at the end of the fiscal year. The Board experienced no significant budget variances during the year.

NOTE 3 - CASH:

Cash consists of deposits with financial institutions that are carried at cost and are maintained at a financial institution in the name of the Board. Michigan state statutes and the Board's investment policy authorize the Board to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Board's deposits are in accordance with statutory authority.

At June 30, 2006, the Board has deposits with a carrying amount of \$12,589 and a bank balance of \$13,373. The bank balance is covered by federal depository insurance.

NOTE 4 - RISK MANAGEMENT:

The Board is exposed to various risks of loss related to property loss and errors and omissions. The Board has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2006, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Capital assets being depreciated:				
Office furniture	\$ 1,800	\$ -	\$ -	\$ 1,800
Office equipment	5,095	-	-	5,095
Subtotal	<u>6,895</u>	<u>-</u>	<u>-</u>	<u>6,895</u>
Less accumulated depreciation for:				
Office furniture	1,800	-	-	1,800
Office equipment	5,095	-	-	5,095
Subtotal	<u>6,895</u>	<u>-</u>	<u>-</u>	<u>6,895</u>
Total capital assets being depreciated, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Cedar Springs Area Parks and Recreation Board
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - DEFERRED REVENUES:

At June 30, 2006, the components of deferred revenues are as follows:

<u>Revenues</u>	<u>Unearned</u>
Charges for services - recreation fees	\$ 2,248
Contributions from local units	<u>7,000</u>
	<u>\$ 9,248</u>

REQUIRED SUPPLEMENTARY INFORMATION

Cedar Springs Area Parks and Recreation Board

BUDGETARY COMPARISON SCHEDULE

Year ended June 30, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Contributions from local units:				
City of Cedar Springs	\$ 7,000	\$ 7,000	\$ 7,000	\$ -
Cedar Springs Public Schools	2,000	2,000	2,000	-
Township of Algoma	4,000	4,000	4,000	-
Township of Nelson	4,000	4,000	4,000	-
Township of Solon	3,000	3,000	3,000	-
Township of Courtland	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>
Total local unit contributions	22,500	22,500	22,500	-
Charges for services - recreation fees	25,609	25,040	27,248	2,208
Other	<u>900</u>	<u>640</u>	<u>214</u>	<u>(426)</u>
Total revenues	<u>49,009</u>	<u>48,180</u>	<u>49,962</u>	<u>1,782</u>
EXPENDITURES				
Culture and recreation:				
Personnel costs	20,800	20,500	20,454	46
Program costs	14,945	15,324	16,151	(827)
Rent	3,120	3,200	3,150	50
Professional fees	5,787	4,437	3,000	1,437
Insurance	1,465	1,465	-	1,465
Occupancy	700	700	595	105
Miscellaneous	<u>2,192</u>	<u>2,515</u>	<u>2,529</u>	<u>(14)</u>
Total expenditures	<u>49,009</u>	<u>48,141</u>	<u>45,879</u>	<u>2,262</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	39	4,083	4,044
FUND BALANCE (DEFICIT) - BEGINNING	<u>(1,534)</u>	<u>(1,534)</u>	<u>(1,534)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (1,534)</u>	<u>\$ (1,495)</u>	<u>\$ 2,549</u>	<u>\$ 4,044</u>